

AMENDED IN SENATE AUGUST 6, 2012

AMENDED IN SENATE JUNE 26, 2012

AMENDED IN ASSEMBLY APRIL 30, 2012

AMENDED IN ASSEMBLY APRIL 17, 2012

AMENDED IN ASSEMBLY MARCH 29, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

## ASSEMBLY BILL

**No. 2447**

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**Introduced by Assembly Members Skinner and John A. Pérez**

February 24, 2012

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An act to add ~~Part 14 (commencing with Section 53565) to Division 31 of Section 50650.8~~ to the Health and Safety Code, relating to housing, and making an appropriation therefor.

### LEGISLATIVE COUNSEL'S DIGEST

AB 2447, as amended, Skinner. California Neighborhood Revitalization Partnership Act of 2012.

The Housing and Emergency Shelter Trust Fund Act of 2006 authorizes the issuance of bonds to finance various housing programs, capital outlay related to infill development, brownfield cleanup that promotes infill development, housing-related parks, and transit-oriented development programs. Existing law transfers bond moneys to the Self-Help Housing Fund to be expended for purposes of the California Homebuyer's Downpayment Assistance Program, as specified.

*Existing law, the CalHome Program, authorizes funds appropriated for purposes of the program to be used to enable low- and very low income households to become or remain homeowners.*

This bill would establish the California Neighborhood Revitalization Partnership Act of 2012, to be administered by the ~~California Housing Finance Agency in consultation with the~~ Department of Housing and Community Development, to ~~finance affordable housing for low- to moderate-income households. The bill would authorize specified applicants, as defined, to apply for grant or loan moneys from the agency on a competitive basis for purposes of financing, among other things, the purchase of foreclosed homes, the demolition of blighted structures, and the redevelopment of demolished or vacant properties. The bill would transfer \$25,000,000 from bond moneys made available to the California Homebuyer's Downpayment Assistance Program from the Self-Help Housing Fund to a newly created fund, the California Neighborhood Revitalization Fund, and would continuously appropriate those moneys for these purposes, as specified. The bill would require the agency to issue specified guidelines for purposes of implementation by a specified date. The bill would provide that the adoption of the guidelines shall not be subject to the Administrative Procedure Act.~~ *provide funding to local public agencies or nonprofit corporations for the purchase and improvement of foreclosed or abandoned single-family or multifamily residential properties and for downpayment assistance associated with the resale of an improved property, subject to specified requirements. The bill would authorize the Department of Housing and Community Development to expend \$25,000,000 of the bond moneys available in the Self-Help Housing Fund for the purpose above.*

Vote: majority. Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. The Legislature finds and declares the following:
- 2 (a) At a time when the housing challenges facing California are
- 3 extraordinary, it is incumbent upon the Legislature to evaluate and
- 4 make changes, where necessary, in underperforming housing bond
- 5 programs.
- 6 (b) The Legislature must act with a comprehensive focus to
- 7 address the effects that the record number of foreclosures have
- 8 had on home values throughout the state, the public health and
- 9 safety of California neighborhoods, and the economic stability of
- 10 our communities.

1 (c) It is the goal of the Legislature to harness the innovation of  
2 the business community, nonprofit organizations, private investors,  
3 and governmental entities to create investment opportunities to  
4 help address the various aspects of the foreclosure crisis.

5 (d) The collaboration of financial institutions and government  
6 is key to designing a scalable program that rehabilitates foreclosed  
7 properties and reintegrates them into the housing market as  
8 properties for rent or repurchase.

9 *SEC. 2. This act shall be known and cited as the California*  
10 *Neighborhood Revitalization Partnership Act of 2012.*

11 *SEC. 3. Section 50650.8 is added to the Health and Safety*  
12 *Code, to read:*

13 *50650.8. (a) In addition to the requirements of this chapter,*  
14 *the department shall expend the funds made available by this*  
15 *section as follows:*

16 *(1) The department shall make available to local public agencies*  
17 *or nonprofit corporations grants or loans for the purchase and*  
18 *improvement of foreclosed or abandoned single-family or*  
19 *multifamily residential properties and for downpayment assistance*  
20 *associated with the resale of an improved property.*

21 *(2) In making awards pursuant to this section, the department*  
22 *shall grant bonus points to applicants serving areas with the*  
23 *greatest percentage of foreclosed properties.*

24 *(3) To be eligible to receive funds pursuant to this section, an*  
25 *applicant shall demonstrate that it will use funds awarded to*  
26 *leverage other funds.*

27 *(4) An awardee that purchases and improves a foreclosed or*  
28 *abandoned single-family or multifamily residential property may*  
29 *sell the property to a low- or moderate-income household or lease*  
30 *the property, including entering into a lease-to-own arrangement,*  
31 *to a low-income household. Any lease payments an awardee*  
32 *receives, less operating costs and replacement reserves approved*  
33 *by the department, shall be deemed loan repayments for purposes*  
34 *of subdivision (d) of Section 50650.3.*

35 *(5) (A) With respect to a property purchased and improved by*  
36 *an awardee and sold pursuant to paragraph (4), the department*  
37 *shall require each awardee to sell at least — percent of its*  
38 *properties at an affordable housing cost to lower-income*  
39 *households and the remaining properties at an affordable housing*  
40 *cost to moderate-income households, as defined in Section 50052.5.*

1 *The properties shall be subject to an equity sharing agreement or*  
2 *other form of subsidy recapture approved by the department.*

3 *(B) The department shall require that properties subject to a*  
4 *lease or lease-to-own contract be leased at an affordable rent, as*  
5 *defined in Section 50053, and, unless sold pursuant to the*  
6 *lease-to-own contract, subject to an affordability covenant of at*  
7 *least 15 years.*

8 *(6) In implementing this section, the department shall do all of*  
9 *the following:*

10 *(A) Facilitate the interaction and negotiation between financial*  
11 *institutions, local governments, and nonprofits in the identification*  
12 *and acquisition of foreclosed properties.*

13 *(B) Develop strategies with the State Energy Resources*  
14 *Conservation and Development Commission and the Public*  
15 *Utilities Commission to leverage investments in the rehabilitation*  
16 *of foreclosed properties to improve energy efficiency.*

17 *(C) Maximize job and apprenticeship opportunities by*  
18 *coordinating multiple program investments.*

19 *(b) For purposes of this section, the following terms have the*  
20 *following meanings:*

21 *(1) "Foreclosed property" means a home or residential property*  
22 *to which title has been acquired by the foreclosing entity at a*  
23 *trustee sale.*

24 *(2) "Improvement" means one or both of the following:*

25 *(A) Rehabilitation.*

26 *(B) Demolition of blighted structures.*

27 *(c) Notwithstanding any other law, twenty-five million dollars*  
28 *(\$25,000,000) of the funds transferred from the Self-Help Housing*  
29 *Fund pursuant to subparagraph (E) of paragraph (1) of subdivision*  
30 *(a) of Section 53545 shall be expended by the department for the*  
31 *purposes of this Section.*

32 *(d) If this section conflicts with any other section of this chapter,*  
33 *this section shall prevail.*

34 ~~SEC. 2. Part 14 (commencing with Section 53565) is added to~~  
35 ~~Division 31 of the Health and Safety Code, to read:~~

1       PART 14. ~~THE CALIFORNIA NEIGHBORHOOD~~  
2       ~~REVITALIZATION PARTNERSHIP ACT OF 2012~~

3  
4       ~~53565. This act shall be known and cited as the California~~  
5 ~~Neighborhood Revitalization Partnership Act of 2012.~~

6       ~~53566. There is hereby established the California Neighborhood~~  
7 ~~Revitalization Partnership Act of 2012, to be administered by the~~  
8 ~~California Housing Finance Agency in consultation with the~~  
9 ~~Department of Housing and Community Development, to finance~~  
10 ~~affordable housing for low- to moderate-income households and~~  
11 ~~to revitalize neighborhoods damaged by the foreclosure crisis.~~

12       ~~53567. For purposes of this part, the following definitions have~~  
13 ~~the following meanings:~~

14       ~~(a) "Agency" means the California Housing Finance Agency.~~

15       ~~(b) "Applicant" means a local governmental entity, a housing~~  
16 ~~nonprofit organization, or a consortium of nonprofit entities, or a~~  
17 ~~combination thereof.~~

18       ~~(c) "Executive director" means the Executive Director of the~~  
19 ~~California Housing Finance Agency.~~

20       ~~(d) "Foreclosed property" means a home or residential property~~  
21 ~~which title has been acquired by the foreclosing entity at a trustee~~  
22 ~~sale.~~

23       ~~(e) "Fund" means the California Neighborhood Revitalization~~  
24 ~~Fund as created pursuant to Section 53569.~~

25       ~~(f) "Grantee" means an applicant that is awarded a grant or loan~~  
26 ~~by the agency pursuant to this part.~~

27       ~~53568. The executive director or his or her designee shall carry~~  
28 ~~out the following duties and responsibilities under the act:~~

29       ~~(a) Facilitate the interaction and negotiation between financial~~  
30 ~~institutions, private investors, local governments, nonprofits, or a~~  
31 ~~consortium of nonprofit entities in the identification and acquisition~~  
32 ~~of foreclosed properties for resale, rental, or lease-to-own structures~~  
33 ~~for low- and moderate-income families.~~

34       ~~(b) Award grants or loans from the California Neighborhood~~  
35 ~~Revitalization Fund to applicants.~~

36       ~~(c) Develop strategies with the State Energy Resources~~  
37 ~~Conservation and Development Commission and the Public~~  
38 ~~Utilities Commission to leverage investments in the rehabilitation~~  
39 ~~of foreclosed properties to improve energy efficiency.~~

~~(d) Maximize job and apprenticeship opportunities by coordinating multiple program investments.~~

~~53569. (a) There is hereby established the California Neighborhood Revitalization Fund for purposes of this act.~~

~~(b) Notwithstanding Section 50697.1, the sum of twenty-five million dollars (\$25,000,000) is hereby transferred from the Self-Help Housing Fund pursuant to subparagraph (E) of paragraph (1) of subdivision (a) of Section 53545 to the fund, which shall be continuously appropriated for purposes of this part.~~

~~(c) Administrative costs of the agency or a grantee, including audit and program oversight costs of the agency or a grantee, shall not exceed 5 percent of the program's costs.~~

~~(d) The agency may accept and receive gifts, grants, or donations from any agency of the United States, any agency of the state, or any municipality, county, or other political subdivision of the state.~~

~~53570. Funding to grantees pursuant to this part shall be awarded in the form of grants or loans pursuant to Sections 53571 and 53572. The agency shall allocate funds on a competitive basis.~~

~~53571. Eligible uses for funding shall include, but shall not be limited to, the following purposes:~~

~~(a) Establish financing mechanisms for purchase and rehabilitation of foreclosed homes and residential properties.~~

~~(b) Purchase homes and residential properties abandoned or foreclosed.~~

~~(c) Demolish blighted structures that are foreclosed or abandoned, or redevelop demolished or vacant properties.~~

~~53572. (a) The agency shall develop guidelines by March 14, 2013, in consultation with the Department of Housing and Community and Development, the State Energy Resources Conservation and Development Commission, the Public Utilities Commission, local governments, nonprofit housing entities, and financial institutions. Guidelines adopted by the agency shall include, but shall not be limited to, the following:~~

~~(1) An application process for the funds.~~

~~(2) A requirement for a contribution of a specified percentage of funds leveraged from other sources.~~

~~(3) Project selection criteria.~~

~~(4) Accountability and auditing requirements.~~

~~(5) Ranges for grant and loan amounts.~~

1     ~~(6) A requirement for affordability covenants of at least 15 years~~  
2     ~~on rental units funded by the act.~~

3     ~~(7) A requirement that a single-family home that is funded~~  
4     ~~pursuant to this part include an equity sharing agreement that meets~~  
5     ~~the following requirements:~~

6     ~~(A) Upon resale, the seller of the unit shall retain the value of~~  
7     ~~any improvements, the downpayment, and the seller's proportionate~~  
8     ~~share of appreciation. The grantee shall recapture any initial~~  
9     ~~subsidy, as defined in subparagraph (B), and its proportionate share~~  
10    ~~of appreciation, as defined in subparagraph (C), which amount~~  
11    ~~shall be used within five years for any of the purposes described~~  
12    ~~in subdivision (e) of Section 33334.2 that promote home~~  
13    ~~ownership.~~

14    ~~(B) For purposes of this paragraph, the grantee's initial subsidy~~  
15    ~~shall be equal to the fair market value of the home at the time of~~  
16    ~~initial sale minus the initial sale price to the moderate-income~~  
17    ~~household, plus the amount of any downpayment assistance or~~  
18    ~~mortgage assistance. If upon resale the market value is lower than~~  
19    ~~the initial market value, then the value at the time of the resale~~  
20    ~~shall be used as the initial market value.~~

21    ~~(C) For purposes of this paragraph, the grantee's proportionate~~  
22    ~~share of appreciation shall be equal to the ratio of the grantee's~~  
23    ~~initial subsidy to the fair market value of the home at the time of~~  
24    ~~initial sale.~~

25    ~~(b) (1) Prior to the adoption of the guidelines, the agency shall~~  
26    ~~hold not less than one public hearing.~~

27    ~~(2) The guidelines shall be adopted at a public hearing.~~

28    ~~(e) The guidelines shall not be subject to the requirements of~~  
29    ~~the Administrative Procedure Act (Chapter 3.5 (commencing with~~  
30    ~~Section 11340) of Part 1 of Division 3 of Title 2 of the Government~~  
31    ~~Code).~~